

MAY 17 1978

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In the
Supreme Court of the United States

OCTOBER TERM, 1977

No. 77-1484

SCULLY SIGNAL COMPANY,
PETITIONER,

v.

ELECTRONICS CORPORATION OF AMERICA,
RESPONDENT.

**BRIEF IN OPPOSITION TO PETITION FOR A WRIT
OF CERTIORARI TO THE UNITED STATES COURT
OF APPEALS FOR THE FIRST CIRCUIT**

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Respondent, Electronics Corporation of America, (ECA) hereby opposes the Petition for a Writ of Certiorari filed in this case (No. 77-1484) by petitioner Scully Signal Company (Scully).

Questions Presented

The first question is incorrectly presented by petitioner inasmuch as the lower courts did not "... ignore *undisputed facts* established at trial, ...". As to the facts to which petitioner refers, they were either *disputed* and decided by

the court or *not established* at trial by any probative evidence.

The second question is in error in stating that the lower courts cancelled "... an express, significant technical limitation ..." from the patent claim and in asserting as to such limitation "... the court concedes [it] is neither disclosed nor suggested in the prior art; ...".

Statement of the Case

Respondent's contrary views on petitioner's Statement of the Case appear in the argument that follows.

Reasons for Denying the Writ

The patent in suit rather than revolutionizing the safety of oil burner controls as alleged by petitioner in fact failed to disclose or suggest such applications. As stated by the District Court, adapting the disclosed circuit to monitor oil burners could not be inventive (Scully's Petition Appendix A-54) and plaintiff must concede this deficiency (footnote 26, A-54).

²⁶ Plaintiff impliedly concedes as much by bringing this suit, since as previously stated, the patent does not disclose the application of the self-checking system to burner flame monitors.

The laudatory statements quoted from Honeywell and Factory Mutual (Petition pg. 4) are not in evidence except as exhibits of sales brochures and other puffing pieces as to which there was no testimony whatsoever. As stated by the Court of Appeals (A-14),

"The majority of these items, however, were either literature put out by Scully or press reports cribbed directly therefrom."

The same can be said as to the petitioner's allegation that both lower courts "... additionally ignored other *undisputed facts* established at trial (and summarized in Appendix C) ...". Again the full record shows that the facts were disputed, or not in evidence, or both.

In particular as to the Honeywell promotional literature claim (Petition pg. 4) that:

"for the first time, you can get a completely 'fail-safe' flame safeguard system".

The District Court found to the contrary from expert testimony:

In cross-examination of Pascoe plaintiff conjured up a contrived possibility of unsafe failure in Dodd, but it does not appear that the plaintiff's device would avoid this possibility of unsafe failure. As Pascoe testified, "no matter what circuits you have, if you get proper grounds and proper shorts at the proper place, you have had it." An inconsequential modification of an old device, coupled with a new label, does not amount to patentable invention. Inventiveness of counsel in describing the device is not the same as invention in discovering it. (A-55)

The remaining matters asserted in the Petition (pgs. 4-5) regarding the Scully invention, the prior art failures and the court's ruling of obviousness under 35 U.S.C. §103 are either wrong, mischaracterized or quoted out of context to create an impression opposite to that intended by the court. Respondent ECA has been documenting these excesses by extensive quotations and citations to the record through three voluminous post trial briefs (A-23, footnote 1), the brief in opposition to petitioner's appeal to the

First Circuit Court of Appeals and now again faces the same crafty technique. Rather than further detailing these inconsistencies here, the correctness of the obviousness ruling is considered to be evident from the careful consideration of the District Court which explicitly applied the tests of *Graham v. John Deere* (A-51), the review thereof by the Court of Appeals, (A-12)

Given the level of technology which the court was entitled to find existed, we believe it was warranted in concluding that utilization of the burner flame itself, the interrupter, the detector, and the self-checking circuit was in 1957 within the competence of engineers ordinarily skilled in the art. To be sure, this presupposes knowledge of self-checking circuits in the railway field and of systems in other industries with common problems, such as burglar alarms, fog detectors, and so forth. Rowell's patent, however, encompasses such a range of applications: indeed it describes a railway application but does not specifically describe a burner flame use at all. We think the "art to which said subject matter pertains", as defined in § 103 would embrace such devices.

and the conclusion it reached: (A-15)

"Finding nothing even marginally erroneous in the analysis employed by the District Court, we sustain the finding of invalidity."

On petition for rehearing which raised much the same issues as noted above now before this Court, the Court of Appeals simply said:

Failing to raise any issues that have not already been fully considered by this court, the petition for reconsideration and/or rehearing is denied.

There was no error in the determination of obviousness on either the facts or the law.

Petitioner's argument that the lower courts deprived Scully of a proven record "that precise simulation of the event-to-be-detected (flame failure) . . . was an absolutely essential technical element of the invention and one that was included in the claimed combination!" raises yet again Scully's insistence on the validity of the broadest claim in suit (Claim 14, Petitioner's Brief pg. 4, footnote 3) despite the District Court's observation that the broad generality of Claim 14 made it invalid over Dowling II (A-39, footnote 15, pg. A-40) and other prior art.

The Dowling patents were, of course, knowingly withheld from the Patent Office by Scully and these acts are the basis for ECA's petition in No. 77-1475 now before the Court. (See ECA's petition p. 12, ¶4) As noted, the "precise simulation" of flame failure which the District Court did not perceive in Dowling II is expressly found therein. Dowling II explicitly teaches the "precise simulation" identical to the alleged infringing device used for burner flame monitoring, since Dowling states that the device can be used to monitor "incandescent mantles or lamps in lighthouses or the like" (Dowling II is dated 1925-27, an era when lighthouses were lit by a burner flame)."

By *admitting* that the feature of "precise simulation" of flame failure "was an *absolutely essential* technical element of the invention and one that was included in the claimed combination" (emphasis added), the last vestige of justification (if there ever was one, a point studiously avoided by petitioner in all briefings to date) for withholding Dowling II from the Patent Office disappears.

The "state of mind" for considering alleged fraud on the Patent Office which the District Court could not find in the proofs is self-evident by this admission.

The requirement for a finding of "materiality" or bad faith or state of mind in the misrepresentation before the Patent Office has developed a conflict among the Circuits as noted by ECA in No. 77-1475. See also Roberts, *Journal of the American Patent Law Association*, Vol. V, No. 3, 1977, pp. 171-181, for a complete annotated review of the cases. While there should now be no question that the Scully withholding of Dowling II was material, the law in the First Circuit is otherwise. This is the issue that should be addressed by this Court. As noted by Roberts (pp. 183-185), *supra*, the practice is pervasive but the sanctions to curb the abuse are imposed in a statistically negligible number of cases:

Patent Fraud By Sanction

The reports are replete with solemn definitions of the crime or tort of fraudulent procurement of patents. Equally assumed these days is the frequency of this practice before the Office. From all of this smoke and heat, one would naturally expect to see the fire of the now well accepted, although Draconian sanctions in Court opinions.

A study of these opinions, involving patent fraud, leads to conclusions which fly in the face of the above conventional wisdom. As shown by the Circuit Court opinions in the last decade the most common holding is that patent fraud is an allegation not proved. A second common holding is that the patent fraud which was found warrants no sanction.

The principal sanctions, judicially developed a decade ago in *Walker Process* and *Troxell* are the treble damage claim and the royalty refund claim. To date,

although one sees their imprint, there are no published decisions imposing either sanction.

A few rare District Court cases have imposed the singular sanction of finding the patent unenforceable although valid. This has recently been recognized as somewhat illogical.

Only once, on the public record, has an attorney been disciplined for practices found deceptive. While the [Patent] Office has been criticized for a presumed reluctance to act, it may well be that it has been only mirroring the above noted sentiments of the judiciary.

Within this last decade, the only other sanction imposed has been the assessment of attorneys fees, and that was almost unheard of until just recently. In a decade when a million patents were granted, and several thousand opinions adjudicating patents published, there were 7 Circuit Court and 10 additional District Court opinions finding fraudulent procurement of the type warranting that sanction.

Given the level of public discourse on the subject of patent fraud, compared with the infrequency with which it is found, the conclusion would appear that we should lower our voices on the subject. That indeed is the clear import of *Eltra* holding that a charge of patent fraud, found groundless, warranted the imposition of attorney's fees on the defendant. [Footnotes omitted]

The guidance of the Court on this important issue is needed by the patent bar and the Federal Courts.

Conclusion

For the foregoing reasons this petition in No. 77-1484 should be denied and the writ granted in ECA's petition No. 77-1475.

Respectfully submitted,

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